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THE CONSULTATION PROCESS AND METHODOLOGICAL ASPECTS OF NON-FERROUS METALS*

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Through the Lima Declaration and Plan of Action, countries solemnly declared their firm intention to promote industrial development through concerted measures at the national, subregional, regional, interregional and international levels.[1/] In order to facilitate the establishment of a new international economic order, the Lima Declaration recommended the establishment of a System of Consultations in the United Nations Industrial Development Organization.[2/]

The Lima Declaration pointed out that, in view of the low percentage share of the developing countries in total world industrial production, and taking into account the policy guidelines and qualitative recommendations made in the Lima Declaration, the share of the developing countries should be increased to at least 25 percent of total world industrial production by the year 2000, while making every effort to ensure that the industrial growth achieved is distributed among the developing countries as evenly as possible.[3/] The Lima Declaration also pointed out the necessity for Governments of developing countries to adopt measures which would ensure the exercise of their national sovereignty over their natural resources and the full utilization of these resources and of human and material potential at their disposal, not only at the national level but also within the framework of systems of economic co-operation.[4/]

The Lima Declaration emphasizes the importance for Governments of developing countries of establishing effective control over their natural resources and harmonizing policies for their exploitation, conservation, transformation and marketing, as an indispensable condition for economic and social progress.[5/]

1/ Lima Declaration and Plan of Action, para. 24, p.4
2/ Ibid., para. 26, p.4
3/ Ibid., para. 28, p.5
4/ Ibid., para. 29, p.5
5/ Ibid., para. 34, p.6

UNIDO, in accordance with its mandate in the Lima Declaration, established a system of continuing Consultations at the global, regional and sectoral levels, the main principles, objectives and characteristics of which are the following[6/]:

(a) identifying the problems associated with industrialization and considering all aspects of those problems;

(b) monitoring trends in world industry with a view towards preventing and solving the associated problems;

(c) considering ways and means to accelerate industrialization, seeking action-oriented measures to increase the share of developing countries in industrial output, and creating new industrial facilities in developing countries contributing to the establishment of a New International Economic Order;

(d) the Consultation process should make negotiations possible among interested parties at their request;

(e) the goal of the Consultation process and the resulting negotiations is the promoting of international industrial co-operation;

(f) Consultations should include the elaboration of recommendations for action at national, regional, interregional and world-wide levels.

Consultations must be seen as a process designed to achieve the objectives of industrialization of the developing countries, as defined in the Lima Declaration and Plan of Action. The strategies of Consultations are based on an understanding of the changing situation of the world economy, the preferences and interests of the international community, new patterns of development emerging and the plans of the main actors (Governments, state ent rprises, trade unions, TNCs, and the private sector generally).

Consultations follow a process that is initially directed towards identifying the main problems in a specific industrial sector and in its relations with other sectors, changes in the structure of the sector and the role of developing countries in these changes, the prospects for development of the sector, and the strategies of the main actors. In this context, areas for co-operation are also identified. The following step, if one can talk of steps here, is to develop plans, programmes and instruments for development

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6/ The System of Consultations, PI/84, paras, 1-6 and 14(c).

that will make it possible to contribute through co-operation to the achievement of the objectives of development defined for a specific industrial sector.

The areas and issues for co-operation must be identified in the context of the stragegy defined for the series of Consultations and the state of progress reached, taking into account the strategies of the main actors in the international community. They should not be based on an empirical selection of areas of co-operation, nor on issues that mix various aspects at different levels of abstraction in a non-systematic way.

Co-operation as envisaged in the System of Consultations has to be seen in a broad perspective. Industrial co-operation must be conceived as going far beyond mere ad hoc investment promotion and establishing joint ventures or a means for transfer of technology; co-operation should be conceived in the context of the industrialization process in all its aspects in order to understand what role can be played by the non-ferrous metals sector and how the different actors in this sector can facilitate the development of the sector and thus the industrialization of developing countries.

The Consultation process is based on the preparation of various analyses and the convening of expert group meetings and seminars which examine relevant studies and documentation. Expert group meetings can further consider the various aspects pointed out in the foregoing description of the process that the Consultations should follow. However, the specific objectives of a particular expert group meeting depend on the situation and problems of an individual sector and on the progress achieved through Consultations on that sector. Some sectors, for example, have had up to four Consultations, in others the number has been fewer; and in the specific case of the non-ferrous metals industries, we are just initiating, with this Expert Group Meeting, the preparations for the First Consultation which is planned for the 1986/1987 biennium.

In our view, the discussions in this first Expert Group Meeting should not concentrate on specific technical problems or micro-economic aspects, nor on the specific figures presented in our preliminary work. We feel that the objective of this first meeting should be to arrive at a clear understanding of the interrelationship between the non-ferrous metals industries and the global process of industrialization in order to understand why it is necessary to think about, to plan and to realize the macro development of the non-ferrous metals industries. On the basis of the understanding thus achieved, the major areas and aspects for industrial co-operation can then be identified.

The points that we suggest should be touched upon in our discussions are the following:

(a) the identification of the main structural changes that took place in the 1970s and early 1980s in the non-ferrous metals industries and an analysis of its future prospects, starting from a clear understanding of the present situation;

(b) an analysis of possibilities, advantages and obstacles to a further processing of non-ferrous minerals by the developing countries, and how this further processing can contribute to the industrialization process and serve to expand the internal basis for autonomous accumulation. This analysis must take into account how further processing of natural resources had the effect of increasing the indebtedness of developing countries;

(d) the identification of possible areas of co-operation, between developed and developing countries and among developing countries themselves, and key aspects that can be developed through further analysis into issues to be considered at the First Consultation on the Non-Ferrous Metals Industries that will be held in the 1986/1987 biennium.

I would also like to bring to your attention a few methodological aspects that might be useful in our discussions during the new four days. This is not meant in any way to define or limit the line of analysis that should be followed. However, we considered it important to avoid the traditional ways of analysis that consist of examining a particular sector as a summation of factors seen in isolation from each other such as production, consumption, imports, exports, etc.

The theoretical analysis of a specific industrial reality, seen in the context of the Lima Declaration, must lead to a transformation of that reality in order to achieve a New International Economic Order. This means that the line of analysis that we suggest using in this Expert Group Meeting has to be action-oriented in the framework of the objectives defined for the Meeting and for the System of Consultations.

In our view, the possibilities for increasing the degree of processing of non-ferrous minerals in the developing countries through co-operation must be conceptualized in the context of an integrated approach that will lead to a more self-reliant development. In this perspective, further processing has to permit the achievement of a greater internal articulation of the non-ferrous metals industries with other key activities in those countries. The modality of integrated development of the non-ferrous metals industries will depend on the characteristics of the different developing countries and on the degree of development of their non-ferrous metals industries and the other industries or sectors linked to those industries. The situation will vary from those countries in which the non-ferrous metals and the other related industries and sectors are at an embryonic stage of development or even non-existent, to those developing countries in which the development of those industries and sectors is already relatively advanced.

The non-ferrous metals industries and the industries and sectors linked with them constitute a subsystem of production that contains the main elements for the reproduction of the non-ferrous metals industries; therefore, our analysis of those industries must consider the entire subsystem. The subsystemic analysis can enable us to achieve a global understanding of the logic of development on the non-ferrous metals industries that a partial approach cannot. This subsystemic approach will permit an analysis of the possibilities for co-operation that includes all the main activities belonging to the non-ferrous metals sector and the other sectors linked with it. This is essential because the activities of the main actors (Governments, state enterprises, TNCs, etc.) extend beyond the limits of the sector itself, and in some cases the principal areas for co-operation are not within the sector but in activities that are upstream, downstream or horizontally linked to the sector.

As part of the subsystemic analysis of the non-ferrous metals industries it is important to define the subsystem in which these industries operate. This definition can be based on quantitative and qualitative aspects, taking into consideration the input-output relations between the non-ferrous metals industries and the related sectors as well as the impact that developments in the related sectors have on structural change and technological innovation in the non-ferrous metals industries.

To define the subsystem, it should be understood that the non-ferrous metals industries seen at the world-wide level have important relations with the capital goods industries, the iron and steel sector, the energy sector, and the construction sector. Therefore, a fundamental point is that structural changes in the capital goods industries have a considerable impact on the level and the logic of development of the non-ferrous metals industries. Changes in the iron and steel sector also affect the development of those non-ferrous metals that are mainly used as inputs by this industry. The considerable increases in the price of petroleum in the 1970s also had a significant impact on the profits, technological innovation and redeployment of the non-ferrous metals industries. The strong structural relations among those different activities were clearly shown in the crisis of the late 1970s and early 1980s.

The analysis of the non-ferrous metals subsystem must be based on the understanding of the dynamic of the subsystem and the problems arising from it by identifying the main internal characteristics of the non-ferrous metals industries, as well as the nature of the interrelationships between these industries and the other sectors with which they are linked. This analysis must not be neutral; it has to be seen in the perspective of achieving a more coherent national productive system in the developing countries.

The essential characteristics and type of interrelations of the various industrial activities that comprise the subsystem differ according to the role played in the reproduction process by their type of production. Final, intermediate and primary production each has a distinct function in this process and therefore different types of linkages, internally and externally, as well as a different physical and technical base and social organization.

On the other hand, the type of participation of a particular country in the international division of labour acquires different modalities depending on the degree of national integration, the predominance of one of the different types of production and the relative share of its production that is oriented to the world market. In the context of the process of reproduction, the logic of development of the non-ferrous metals industries depends on an articulated set of variables expressing the technical and socio-economic relations of production.

A country's choice of a particular technological alternative in the non-ferrous metals industries will have a significant impact on its input-output transformation, employment, costs, degree of dependence, etc. Also, the physical infrastructure available in a country (ports, roads, railways, etc.) has a considerable influence on various aspects (costs, finance, etc.) of the development of the non-ferrous metals industries.

The socio-economic analysis of the non-ferrous metals sector must take into consideration the power relations between the different parts of the upstream and downstream process and other industries linked horizontally to the non-ferrous metals industries, expressed mainly in the relative prices and degree of control that the different industries have within the subsystem.

The different technical, social and economic aspects identified, and their interrelations, have a different impact in the various developing countries, centrally-planned economy countries, and developed-market economy countries. This analysis enables us to identify present similarities, differences, conflicts and contradictions within the same group of countries or between the various groups as well as to identify the key elements that determine the strategy of the major protagonists (Governments, state enterprises, TNCs, small- and medium-scale enterprises, trade unions, etc.)

However, the study of the present situation of the non-ferrous metals subsystem, its main parts and industries is not sufficient; it has to be seen in its historical perspective; that means that, having defined the key aspects of the present situation, it is necessary to analyse its past and future development. In this dynamic analysis it is essential to identify the major

trends shaping the development of the non-ferrous metals industries, such as the trend towards concentration or deconcentration, trends in technological progress, the tendency of the rate of profit, etc. This analysis should also identify the logic of the international division of labour that is currently taking place. For example, the Lima Declaration foresees a decentralization of production as a result of the process of internationalization of capital. Is this really happening in the industrial sector seen as a whole, and specifically in the non-ferrous metals industries? On the basis of the historical analysis and the study of new aspects that are appearing, it is of singular importance to identify the main factors that will influence the future development of the sector and the plans of the main protagonists.